

Testimony before the House Commerce Committee
HB 5002 – Workers Compensation Reform
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Presented by Kelly Services, Inc.
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Good morning. Thank you for the opportunity to testify before the Committee today.

My name is Kirk Hanna and I am the Government Affairs Manager for Kelly Services. Kelly is a global leader in the human resources industry and one of the largest Michigan based services companies. Since our founding over 60 years ago, Kelly has grown into a business with operations in all 50 states and over 30 nations around the globe. Throughout this growth, Kelly has remained committed to Michigan. We are headquartered in Troy.

First, we would like to thank Chairman Schmidt and the Committee members for the opportunity to voice our support for HB 5002. We commend Representative Jacobsen for his leadership in authoring HB 5002. His responsiveness to the business community in finding certainty in the workers' compensation system is appreciated.

As you know this legislation would help modernize, clarify and stabilize Michigan's workers' compensation statute. All of these are important to Michigan businesses in order to help create a stable employment environment for Michigan job providers.

At this time I would like to introduce Lesley Zielinski from Kelly's Workers Compensation department. Lesley will be able to address some key elements of HB 5002 that we are supportive of.

Thank you Chairman Schmidt and committee members. Kelly employs thousands of individuals in Michigan each year. Passage of HB 5002 would not just benefit Kelly as an employer; it would benefit our thousands of full- and part-time employees as well.

Of particular importance to Kelly are the following provisions. First the revision contained under Section 301 (1) relating to the clarification of coverage for aggravation to pre-existing personal injuries. It is imperative that the act be clarified to ensure that employees injured in the course and scope of their employment, receive adequate and timely benefits. However, employers should not be found responsible for causing ordinary personal medical or degenerative medical conditions. Additionally, many employees have pre-existing personal medical conditions which have not been contributed to, or worsened by duties carried out on behalf of the employer. The clarification provided by the proposed revision will ensure that employers are held responsible only for those aggravations that have caused a worsening in the underlying pre-existing state.

Second, the revision contained under Section 301 (7) (a) helps provide stability to employers. As an employer we do our best to keep injured workers employed in the workplace. This benefits both this employer and the employee. However, in some cases the employee may violate a company policy while they are employed in their new role. These company policies

may include extreme insubordination, inappropriate behavior, or failure to pass a drug screen. In these instances, where the termination is at the fault of the employee, the employer should not be caused to pay wage loss benefits to that employee. Section 301 (7) (a) helps employers maintain a stable work environment and ends the practice of an employee continuing to receive wage loss benefits even after their at-fault termination.

Thirdly, the revision under Section 315 (1) relating to extending the period of employer directed medical care from 10 days to 90 days provides a reasonable update to the current law. Extending the employer directed period from 10 days to 90 days is a more reasonable time frame in which the employer can direct medical care. Nearly 60% of claim benefit costs in Michigan are incurred due to medical care. This figure is escalating at a rapid pace. We believe that our employees deserve the best medical care we can obtain. Given these facts, employers should be allowed to direct the initial 90 days of treatment to medical providers that participate in our contracted bill review networks. This allows our employees to receive the best care, while the employer is being charged the most reasonable rates. This is no different than the average health insurance plan requiring policy holders to use health care providers who participate in their network.

By making this change employer costs may stabilize without reducing the quality of care for the employee. There are several states where the employer has direction of care for the entire life of the claim. Indiana currently allows for direction of care for the life of the claim and effective September 1st, 2011, Illinois is now also an employer directed state where an employer must provide the injured worker with a list of "Preferred Providers" to choose from. We believe

this proposal is an improvement to the act which is reasonable to the employee, as well as the employer.

These are just some of the most important elements of HB 5002. The entire bill will help make Michigan's business climate more attractive to job providers and Kelly Services encourages you to vote yes on HB 5002. Thank you.